

# *News and Information*

*from the Tennessee Division of Consumer Affairs*

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## **Tennessee Settles Remaining Issues with America Online, Company to Pay 44 States \$2.6 Million**

Consumers who are considering signing up for America Online's "free trial offers" for Internet Services, only to learn they are being charged for services after the initial free period, will not have to worry about undisclosed restrictions.

Tennessee and 43 other states today reached its third in a series of agreements with the Internet service provider to ensure it complies with all Consumer Protection Laws. As part of today's agreement, America Online (AOL) will pay \$2.6 million to the 44 states involved. Tennessee's share is \$76,363.63, which will go to pay for the costs of the investigation, attorneys fees and other uses.

As a result of the state negotiations including the two previous settlements, AOL has paid \$34 million in restitution to consumers. Previously, the states settled with the company after consumers reported problems connecting with AOL as well as being switched to a higher-priced plan without their permission.

"We are satisfied with the agreement," Tennessee Attorney General John Knox Walkup said, "and we appreciate the company being cooperative in this matter."

Today's agreement provides for AOL to:

- clearly disclose any charges and restrictions with its free trial offerings, including that the 50 free hours must be used in one month and that the member must cancel to avoid billing.
- clearly disclose any charges for premium areas on its service in all advertisements that mention "premium area" or offer a "free trial period."
- disclose any charges for telephone access or warn consumers they may be charged even if the access number is an 800 number in advertisements where a telephone number is provided.
- present any ads directed to children in a way in which they will understand.
- bill members only for charges they are liable for and provide reasonable procedures to cancel their membership, which includes mailing a notice within two weeks of cancellation.
- provide tools to the account holder to prevent any unauthorized charges on shopping channels and pop-up screens.
- avoid increasing monthly fees or changing terms of membership without member agreement and consent at least 30 days prior to the change.

"The online world continues to be a place that consumers must always remain on their guard. This agreement will help in giving consumers additional disclosures to make more informed decisions," said

Mark Williams, Director of the Division of Consumer Affairs.

"If consumers want to take advantage of free trial offers, it's a good idea to find out in advance of any restrictions and how to cancel," Walkup said. "Adults should also monitor what their children may be unwittingly subscribing to or buying."

The Attorney General's Office and Tennessee Division of Consumer Affairs offer the following tips to remember when shopping for an Internet service:

- Does the company have a point of presence that is a local phone call for you?
- Does the company support your modem?
- Does the company support your computer?
- Does the company provide space for a home page? How much will it cost?
- What type of payment plans are offered?
- Is there a setup fee?
- What type of software is provided?
- Is there 24 hour support service seven days a week?
- What is the line to subscriber ratio? A good ratio is 10:1 Anything above 20:1 may cause you problems getting on line due to busy signals. Expect to pay more for lower ratios.
- Does the company have a "Unix shell account" in order to access your E-mail while away?

Consumers who are still having problems with AOL or any other Internet Service may contact the Tennessee Division of Consumer Affairs at 500 James Robertson Parkway, 5th Floor, Nashville, TN 37243-0600.